



## Readiness for Package Growth – Customer Service Operations

Report Number DR-MA-14-003

### **BACKGROUND:**

Strong customer demand for goods purchased over the Internet has driven growth in the package market, despite an otherwise declining mail market. This growing segment provides the U.S. Postal Service an opportunity to expand services and increase revenue. From fiscal year (FY) 2010 to FY 2012, Postal Service package revenue increased by \$1.4 billion, or 14 percent, and volume increased by 445 million pieces, or 14 percent. Package volume also increased by 13.7 percent in the first 3 quarters of FY 2013, compared with the same period last year.

The Postal Service's retail component, Customer Service Operations, processes about 34 percent of its annual package volume during the holiday mailing season (November and December). About 75,000 Customer Service Operations' employees work at post offices and destination delivery units. Employees accept packages at over 31,000 post offices for dispatch to mail processing facilities and receive them at over 24,000 destination delivery units to sort for final delivery.

This report is one in a series of U.S. Postal Service Office of Inspector General products that addresses the Postal Service's readiness for growth in the package business. Our objective was to evaluate operational readiness for package growth in Customer Service Operations.

### **WHAT THE OIG FOUND:**

Customer Service Operations has successfully managed periods of package growth, employee workhours, and scan rates at delivery units. However, opportunities exist to enhance readiness by improving acceptance scan rates, decreasing customer wait time in line during the holiday mailing season, enabling the Passive Adaptive Scanning System revenue-protection function, and reducing the number of non-barcoded packages to provide end-to-end tracking for customers. Overcoming these challenges could improve the Postal Service's competitiveness in the package business.

### **WHAT THE OIG RECOMMENDED:**

We recommended the vice president, Delivery and Post Office Operations, reinforce that Customer Service Operations' employees perform acceptance scans to support the 100 percent product visibility strategy. We also recommended the vice presidents, Engineering Systems and Product Information, enable the Passive Adaptive Scanning System revenue protection function and implement a comprehensive strategy to reduce non-barcoded packages. Finally, we recommended the vice president, Mail Entry and Payment Technology, define a solution for notification and collection of shortpaid postage for packages.